

HONORABLE THOMAS S. ZILLY

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

HARMONY GOLD U.S.A., INC.,

Plaintiff,

v.

HAREBRAINED SCHEMES LLC,  
HAREBRAINED HOLDINGS, INC., JORDAN  
WEISMAN, PIRANHA GAMESGAMES INC.  
and DOES 1–10,

Defendants.

CASE No. 2:17-CV-00327-TSZ

**[PROPOSED] ORDER  
GRANTING PIRANHA’S  
SECOND MOTION FOR  
SUMMARY JUDGMENT AS TO  
PLAINTIFF’S LACK OF  
STANDING TO ASSERT  
COPYRIGHT INFRINGEMENT  
CLAIM**

**NOTE ON MOTION  
CALENDAR: MARCH 30, 2018**

This matter came before the Court on the second motion of defendant Piranha Games Inc. (“Piranha”) for summary judgment as to plaintiff Harmony Gold U.S.A., Inc.’s (“Harmony Gold”) lack of standing to assert copyright infringement as alleged in Count 1 of the Second Amended Complaint. *See* Dkt. 83 at ¶¶ 39-45. Piranha seeks summary judgment because Harmony Gold is not the owner or exclusive licensee of the copyrights it seeks to enforce and, therefore, has no standing to enforce those copyrights. Count I is the only count asserted against Piranha.

The Court has reviewed all arguments and evidence submitted in support of, and in opposition to, Piranha’s motion and has viewed the evidence in the light most favorable to Harmony Gold as the non-moving party. The Court finds that there is no genuine issue of

1 material fact that would preclude summary judgment. *See S. Cal. Darts Ass'n v. Zaffina*, 762 F.  
 2 3d 921, 925 (9<sup>th</sup> Cir. 2014). For the reasons set forth in Piranha's motion and discussed below,  
 3 the Court GRANTS Piranha's motion, DISMISSES Count 1 with PREJUDICE, and  
 4 DISMISSES Piranha from this lawsuit.

#### 5 **A. Relevant Facts**

6 Harmony Gold alleges that certain robot warrior characters in video games created by  
 7 Piranha infringe copyrights that are allegedly owned by, or licensed to, Harmony Gold. While  
 8 each of Harmony Gold's asserted copyright registrations (Dkt. 83 at ¶ 15) is directed to a  
 9 "MOTION PICTURE" (*see* Dkt. 83-1), specifically an animated series called *Macross* ("the  
 10 *Macross* Motion Picture"), the Second Amended Complaint alleges infringement based on  
 11 Piranha's alleged copying, reproduction, display, distribution, and merchandizing of particular  
 12 characters ("the Big West Characters") that were created by a Japanese company called Studio  
 13 Nue Co., Ltd. ("Studio Nue") before the *Macross* Motion Picture was created. The copyright to  
 14 the Big West Characters is co-owned by Studio Nue and a second Japanese company called Big  
 15 West Co., Ltd. ("Big West") (collectively, "Big West").

16 A third Japanese company, Tatsunoko Production Co., Ltd. ("Tatsunoko"), assisted with  
 17 the production of the *Macross* Motion Picture, but it was not involved in the creation of the Big  
 18 West Characters. As partial compensation for Tatsunoko's efforts, it was granted certain rights to  
 19 commercialize the *Macross* Motion Picture overseas. Tatsunoko purported to grant its rights in  
 20 the *Macross* Motion Picture to Harmony Gold in a 1991 license agreement as well as an earlier  
 21 version of this license agreement. The license agreement was subsequently amended several  
 22 times.

23 In the early 2000s, Tatsunoko and Big West were involved in litigation in Japan, which  
 24 resulted in a Japanese district court decision concluding that Big West, not Tatsunoko, is the  
 25 copyright owner of the Big West Characters. Following that decision, Big West registered the  
 26 Big West Characters with the U.S. Copyright Office and deposited a set of images of each  
 character.

1 The Japanese district court's judgment was affirmed on appeal. In response to the  
 2 Japanese court's decision, Tatsunoko and Harmony Gold executed an amendment to their license  
 3 agreement which expressly states that Harmony Gold acknowledges that it was not granted the  
 4 right to create derivative works based on the Big West Characters.

5 In 2017, Harmony Gold and Tatsunoko engaged in arbitration to determine, *inter alia*, the  
 6 scope of the rights to *Macross* granted to Harmony Gold. On June 27, 2017, the arbitrator issued  
 7 an Arbitration Award which stated that Tatsunoko has granted to Harmony Gold *all* of the  
 8 copyrights it has in *Macross* **except** for the visual depiction of the Big West Characters.  
 9 Harmony Gold then petitioned the U.S. District Court for the Central District of California to  
 10 issue a judgment confirming the Arbitration Award, which the court did on August 23, 2017.

## 11 **B. Analysis**

12 Piranha contends that Harmony Gold lacks standing for its copyright claim for two  
 13 reasons: (1) Harmony Gold does not own or have an exclusive license to the copyrights it seeks  
 14 to enforce, because those copyrights are owned by Big West; and (2) the rights licensed to  
 15 Harmony Gold specifically exclude the rights it seeks to enforce. In addition, Piranha argues that  
 16 Harmony Gold is collaterally estopped from re-litigating whether Harmony Gold has an  
 17 exclusive licensee to the Big West Characters in view of an Arbitration Award expressly stating  
 18 that Harmony Gold does not have the copyrights asserted here.

### 19 **1. Harmony Gold Does Not Own the Asserted Copyrights**

20 Only the "legal or beneficial owner of an exclusive right under a copyright is entitled ...  
 21 to institute an action for any infringement of that particular right committed while he or she is the  
 22 owner of it." 17 U.S.C. § 501(b). An exclusive licensee can sue to protect a particular right that  
 23 it has been granted, but it cannot sue for infringement of rights outside of its exclusive license.  
 24 *See Marya v. Warner/Chappell Music, Inc.*, 131 F. Supp. 3d 975, 1002 (C.D. Cal. 2015). One  
 25 who is not the owner or exclusive licensee of a particular right has no standing to sue others for  
 26 infringement of that right. *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1143-44 (9<sup>th</sup>  
 Cir. 2008); *see Righthaven LLC v. Hoehn*, 716 F.3d 1166, 1169 (9<sup>th</sup> Cir. 2013). In a copyright

1 infringement case, the alleged copyright owner has the burden of showing that it is the owner of  
 2 a valid copyright. *See North Coast Indus. v. Maxwell*, 972 F.2d 1031, 1033 (9th Cir. 1992).

3 Big West's copyright registration and the deposit materials accompanying that registration  
 4 are *prima facie* evidence of the validity of Big West's copyrights in the Big West Characters. If the  
 5 registration was not filed within five years of publication, the Court has discretion to decide what  
 6 evidentiary weight should be given to Big West's registration. *See* 17 U.S.C. § 410(c). All of the  
 7 admissible evidence is consistent with Big West's ownership of the Big West Characters.  
 8 Accordingly, the Court finds that Big West owns the copyrights to the Big West characters.  
 9 Harmony Gold has not met its burden of showing that Big West's copyright registration is  
 10 invalid, and has not submitted admissible evidence to demonstrate a material issue of fact  
 11 regarding Big West's ownership of those copyrights.

## 12 **2. Harmony Gold Does Not Have an Exclusive License to the Big** 13 **West Characters**

14 Whatever rights Harmony Gold may have in *Macross*, if any, were granted to it by  
 15 Tatsunoko. Tatsunoko cannot license to Harmony Gold any rights that Tatsunoko does not have.  
 16 Tatsunoko may have granted Harmony Gold certain rights in the *Macross* Motion Picture, as  
 17 suggested by Harmony Gold's copyright registration to Episodes 1-36 of *Macross*, identified in the  
 18 registration as a "Motion Picture." However, Harmony Gold's copyright to the *Macross* Motion  
 19 Picture does not imply any copyrights in preexisting works that may appear in the *Macross* Motion  
 20 Picture. *See* 17 U.S.C. § 103(b). Because the Big West Characters are such preexisting works, for  
 21 which the copyrights are owned by Big West, Tatsunoko could not convey, and Harmony Gold did  
 22 not receive, any copyrights in those characters.

## 23 **3. Harmony Gold Is Collaterally Estopped from Re-Litigating the** 24 **Scope of Its License**

25 Harmony Gold is collaterally estopped from re-litigating the scope of its license. There  
 26 are three requirements for collateral estoppel to apply:

1 (1) the issue at stake must be identical to the one alleged in the prior litigation; (2)  
2 the issue must have been actually litigated [by the party against whom preclusion  
3 is asserted] in the prior litigation; and (3) the determination of the issue in the  
4 prior litigation must have been a critical and necessary part of the judgment in the  
5 earlier action.

6 *Town of N. Bonneville v. Callaway*, 10 F.3d 1505, 1508 (9<sup>th</sup> Cir. 1993). When these  
7 requirements are met as to a particular issue, that issue cannot be re-litigated. Each of these  
8 requirements are met here.

9 At issue here is the scope of rights granted by Tatsunoko to Harmony Gold. This same  
10 issue was already adjudicated during the arbitration, and the Arbitration Award was confirmed by a  
11 federal district court last year. *See Harmony Gold, USA, Inc. v. Tatsunoko Production Co., Ltd.*,  
12 Case No. 2:17-cv-06034-PA-MRW (C.D. Cal. Aug. 23, 2017). In that arbitration, Harmony Gold  
13 and Tatsunoko disputed, among other things, the scope of rights granted to Harmony Gold  
14 through its license agreement with Tatsunoko. Tatsunoko challenged Harmony Gold's right to  
15 make a live action sequel to *Macross*, which required the arbitrator to determine the scope of  
16 Harmony Gold's license. The arbitrator ruled that Harmony Gold had been granted all of  
17 Tatsunoko's rights in *Macross*, which excluded the visual depiction of the Big West Characters.  
18 Harmony Gold successfully petitioned the California district court to enter a judgment  
19 confirming the Arbitration Award. The district court issued a judgment confirming the  
20 Arbitration Award, which is now a judgment of the district court in all respects. 9 U.S.C. § 13(c).  
21 Accordingly, the scope of Harmony Gold's copyrights has already been actually litigated, and  
22 Harmony Gold is collaterally estopped from re-litigating the issue of whether it has any  
23 copyrights in Big West Characters.

24 Harmony Gold has failed to demonstrate a genuine dispute of material fact with respect to  
25 whether it has standing to assert its copyright infringement claim.

26 For the reasons discussed above, Harmony Gold lacks standing to assert its copyright  
infringement claim, and the Court GRANTS Piranha's motion for summary judgment. Harmony  
Gold's copyright infringement claim, Count I of the Second Amended Complaint, is hereby  
DISMISSED WITH PREJUDICE. Because Count I is the only count asserted against Piranha,

1 Piranha is hereby dismissed as a party to this lawsuit.

2  
3 IT IS SO ORDERED.

4  
5 DATED this \_\_\_\_ day of \_\_\_\_\_, 2017.

6  
7  
8 \_\_\_\_\_  
9 The Honorable Thomas S. Zilly  
10 UNITED STATES DISTRICT COURT JUDGE

11 Presented on this 8th day of March, 2018 by:

12  
13 DORSEY & WHITNEY LLP

14 /s/ Ryan B. Meyer

15 Paul T. Meiklejohn, WSBA No. 17477

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18 *Attorneys for Defendant Piranha Games*  
19 *Inc.*